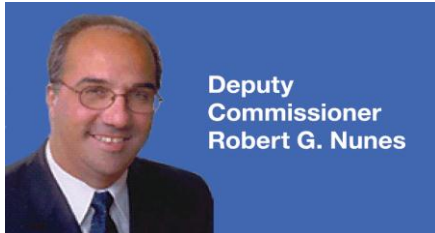


A Publication of  
the Massachusetts  
Department of Revenue's  
Division of Local Services

# City & Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



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DOR 360



**City & Town** is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

Dan Bertrand, Editor

**Editorial Board:** Robert Nunes, Robert Bliss, Zack Blake, Amy Handfield, Sandra Bruso and Patricia Hunt

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## The DLS Commitment to Local Officials

DLS has recently published "[Our Commitment to Local Officials](#)" as part of our effort to work cooperatively and effectively with our stakeholders in local government.

The Commitment states that DLS will treat local officials with courtesy and respect, will work with local officials collaboratively, will communicate in a timely manner, will provide clear and concise information and will strive to keep information and data current, comprehensive and relevant.

I believe that the principles outlined in the Commitment have always been a part of DLS' mission, but their publication - and inclusion in the DLS Strategic Plan for FY14 - codifies our pledge to work with local officials in the most helpful and respectful way possible.

DLS is showing its commitment to local officials in other ways this month.

The Fifth Annual Regionalization Conference will take place on Monday, September 16, at the College of the Holy Cross in Worcester, from 9 a.m. to 2:30 p.m. Sponsored by the Massachusetts Association of Regional Planning Agencies,

the conference will feature Glen Shor, Secretary for the Executive Office for Administration and Finance, as key note speaker, as well as remarks from Tim Brennan, Executive Director of the Pioneer Valley Planning Commission, DOR Commissioner Amy Pitter, and myself.

The conference will also make a special presentation in recognition of Tim Murray's work as Lt. Governor to promote regionalization and innovation in cities and towns, with comments from Linda Dunlavy, Executive Director of the Franklin Regional Council of Governments and Murray, who is now president and CEO of the Worcester Regional Chamber of Commerce. Conference attendees will have nine workshops from which to choose, one in the morning and a second in the afternoon. Morning workshops will run from 10:30 a.m. to lunch, with the afternoon workshops from 1 p.m. to 2:30 p.m. For more information including the day's agenda, click [here](#). To register, click [here](#). We hope you'll be able to join us!

The Bureau of Local Assessment has already approved several final certifications of assessments for FY14 and has developed a survey of the process which is being sent to local assessors immediately upon receiving final certification and new growth approval. As you may recall, the DLS survey of assessors completed in February of this year provided meaningful feedback and assisted us in the development of new policies and procedures designed to make the cert process go more smoothly. These new surveys will continue that effort.

To provide further assistance in the cert process, DLS has developed a Certification Tab on Gateway that allows communities in their triennial certification year to enter their revaluation work plan forms, track their status on receiving certification and submit the LA10 Assessment Change and related documentation to receive final certification. As is sometimes the case with the introduction of a new program, a few issues have arisen in implementation, but while DLS will resolve those this month, the Tab is up on Gateway.

Robert G. Nunes  
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## Stephen Sullivan Named BLA Field Supervisor

### Bureau of Local Assessment



Stephen Sullivan, a field representative over the past seven years for the Bureau of Local Assessment (BLA), has been promoted to BLA Field Supervisor for Eastern Massachusetts, BLA Bureau Chief Joanne Graziano has announced.

In his new position, Sullivan will supervise and assist BLA field reps in an arc that includes the counties of Essex, Middlesex, Suffolk, Norfolk, Bristol and Plymouth, as well as Dukes County and Nantucket.

A graduate of UMass Boston, Sullivan worked for Fidelity Investments, the former Fleet Bank and State Street Bank before coming to DLS. While at State Street, he started working part-time as an appraiser, which helped to prep him for BLA.

Sullivan has served as a field representative in Bristol and Norfolk counties, with a little bit of Middlesex County as well, and knows well the work done in the field.

"I will make sure my staff is equipped with all the tools they need to get the job done," Sullivan said, "so that we can do the best job of insuring equity in property valuations for property taxpayers."

Sullivan believes BLA's emphasis on working with and staying connected to stakeholders will bind BLA and local assessors close together in the common purpose of getting property valuations done timely, effectively and efficiently.

"Stephen is and has been a tremendous asset to our

certification team here in BLA. As a field advisor, he was very well respected for his knowledge, problem resolution, and technical skills. I have full confidence that with all these skills and his common sense approach, our field staff and assessors will be in good hands," said BLA Chief Graziano.

A native of South Boston, Sullivan lives in Milton with his wife, Keri, and their four children ranging in age from 10 years to one-month.

## **Ask DLS**

This month's *Ask DLS* features frequently asked questions about eligibility of land for preferential tax treatment of classified forest, farm and recreational land. We hope the answers will provide timely and helpful information. Please let us know if you have other areas of interest or send a question to [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). We would like to hear from you.

### **What are the basic requirements for land to be classified as forest, farm or recreational land for local tax purposes?**

Forest Land (Chapter 61) - The land must (1) consist of at least 10 acres of contiguous land under the same ownership, (2) be "actively devoted" to growing forest products during the fiscal year for which classification is sought and not used for incompatible purposes during the previous two fiscal years, and (3) be managed under a 10 year forest management plan approved and certified by the State Forester (within the Department of Conservation and Recreation). [G.L. c. 61, sec. 1, 2 and 3](#). The State Forester alone determines whether the land is devoted to growing forest products and has issued regulations that define the criteria applied to determine the land included in the certified management plan. [G.L. c. 61, sec. 2; 304 Code of Massachusetts Regulations \(CMR\) 8.03](#).

Farm Land (Chapter 61A) - The land must (1) consist of at least five acres of contiguous land under the same ownership and (2) be "actively devoted" to agricultural or horticultural use during the fiscal year for which classification is sought and the previous two fiscal years. Actively devoted means (1) the land must be used primarily and directly in raising

animals or growing food, animal feed, plants, shrubs or forest products or in a manner related or necessary to their production or preparation for market, e.g., farm roads, irrigation ponds or land under farm buildings, and (2) annual gross sales of the farm products in the regular course of business must equal or exceed a specified amount that depends on the size of the farm. [G.L. c. 61A, sec. 1, 2, 3 and 4](#). Once five or more acres qualify as land actively devoted to agricultural or horticultural uses, up to the same amount (100%) of contiguous, non-productive land under the same ownership may be classified in addition to the productive land. [G.L. c. 61A, sec. 4](#).

Recreational Land (Chapter 61B) - The land must (1) consist of at least five acres of contiguous land under the same ownership and (2) be retained in one of the following conditions in a manner that preserves wildlife or other natural resources: a substantially natural, wild or open condition, landscaped or pasture condition or forest condition under a forest management plan certified by the State Forester, or be devoted to a qualifying recreational use in a manner that does not materially interfere with the environmental benefits derived from the land. To be classified based on use for a qualifying recreational purpose, the land must be open to the public or members of a non-profit organization. No public access is required if classification is sought based on the condition of the land. It can be open to the public or maintained as private undeveloped land. [G.L. c. 61B, sec. 1](#).

### **What does contiguous land mean?**

Contiguous land abuts and is separated only by a public or private way or waterway, e.g., land across the road that would touch but for the road. For farmland under [Chapter 61A](#), it also includes land connected to other land by an easement for water supply, e.g., bog land and upland reservoir. [G.L. c. 61A, sec. 4](#). Contiguous land may cross municipal boundaries.

### **What does same ownership mean?**

Same ownership means that legal title to all of the land must be held in the same name(s) and in the same capacity. The ownership of the land must be identical.

*For example, John Jones is the sole owner of record of two*

*abutting parcels of 3 acres each. The 6 acres are under the same ownership. They are not under the same ownership, however, if John Jones is the sole owner of one parcel and owns the other with his spouse.*

### **How is the minimum acreage requirement computed?**

The minimum acres required for classification as forest, farm or recreational land must be contiguous and under the same ownership.

Forest Land (Chapter 61) - The State Forester determines the qualifying acreage. Under current regulations, the following land is excluded from the calculation of the minimum 10 acres: (1) land where buildings or structures are located or accessory to their use and (2) the minimum house lot size under the community's zoning code if there is a house on the land. [304 CMR 8.03\(3\)](#); [G.L. c. 61, sec. 4](#).

Farm Land (Chapter 61A) - Land area under farm buildings such as barns and farm sheds count toward the minimum five acres as necessary and related land. Any land under and associated with other buildings that are not related to the farm production is excluded. If there is a house on the land, the following is also excluded: (1) the land under the house and (2) the land around the house that is regularly used for residential living purposes and not actually being used for a qualifying forest, farm or recreational use under [Chapters 61, 61A or 61B](#). [G.L. c. 61A, sec. 15](#).

Recreational Land (Chapter 61B) - Any land under and associated with buildings or improved so as to interfere with the environmental benefits of the land as open and undeveloped, such as paved parking areas and roads, are excluded. If there is a house on the land, the following is also excluded: (1) the land under the house and (2) the land around the house that is regularly used for residential living purposes and not actually being used for a qualifying forest, farm or recreational use under [Chapters 61, 61A or 61B](#). [G.L. c. 61B, sec. 10](#).

### **What are qualifying agricultural and horticultural land uses under [Chapter 61A](#)?**

"Agricultural" use means the land is primarily and directly used to raise animals or products derived from them for sale



in the regular course of business. Animals would include, but not be limited to, dairy cattle, beef cattle, poultry, sheep, swine, horses, ponies, mules, goats, bees and fur-bearing animals. It also includes land areas that are primarily and directly used in a related manner and are necessary to raising the animals or preparing them or a product derived from them for market. [G.L. c. 61A, sec. 1.](#)

"Horticultural" use means the land is primarily and directly used to grow fruits, vegetables, berries, nuts and other foods for human consumption, feed for animals, tobacco, flowers, sod, trees, nursery or greenhouse products, and ornamental plants and shrubs for sale in the regular course of business or grow forest products under a forest management plan certified by the State Forester. It also includes land areas that are primarily and directly used in a related manner and are necessary to raising the products or preparing them for market. [G.L. c. 61A, sec. 2.](#)

### **What are qualifying recreational land uses under [Chapter 61B](#)?**

To be classified under [Chapter 61B](#) based on a qualifying recreational use rather than condition of the land, the land must be (1) open to the public or members of a non-profit organization and (2) used for one of the following purposes: hiking, camping, nature study and observation, boating, golfing, non-commercial youth soccer, horseback riding, hunting, fishing, skiing, swimming, picnicking, private non-commercial flying, including hang gliding, archery, target shooting and commercial horseback riding and equine boarding. It may not be used for horse racing, dog racing, or any sport normally undertaken in a stadium, gymnasium or similar structure. [G.L. c. 61B, sec. 1.](#)

### **How is the annual gross sales requirement under [Chapter 61A](#) calculated?**

[Chapter 61A](#) provides local property tax incentives for land that is commercially productive farm land, i.e., produces farm products for sale in the regular course of business. Therefore, gross sales from the land must meet a minimum productivity standard for the fiscal year the land is being classified and the prior two fiscal years. For the first five acres of actively devoted farmland, the annual gross sales requirement is \$500. The requirement is increased by \$5.00

for each additional acre of productive land, except in the case of woodland or wetland which is increased by \$.50 per acre. Contiguous, non-productive land is not considered when determining the gross sales amount. Amounts received under the Massachusetts and United States soil conservation or pollution abatement programs count toward meeting the required gross receipts for the year. [G.L. c. 61A, sec. 3](#). The landowner must establish the gross sales requirement is met with documents maintained in the regular course of business, e.g., sales receipts with standard information such as date of sale, quantity, unit price and total payment or copies of federal or state income tax returns reporting the sales income.

In some years, however, the farmland may not generate sales for agriculturally related reasons, such as the animals or crops require several years to reach maturity or natural conditions or disasters prevent or destroy an annual harvest. Where the land is being managed in order to achieve the required sales within the normal product development time period, it is deemed to meet the annual gross sales requirements. The Farmland Valuation Advisory Commission (FVAC) determines the product development time periods and under its current [Crop Development Time Period](#) guidelines, that period represents the approximate time it takes from planting to harvest of the crop. Activities before cultivation of the land, such as planning, permitting, tree and brush clearing, are not part of the normal product development period.

*For example, a crop of Christmas trees may require eight years from planting to maturity, cutting and sale. So long as the land is cultivated and managed for that purpose during that time, it will meet the gross sales requirement because it is within the eight year development period established by the FVAC for that crop.*

For land under an approved forest management plan, the schedule of timber cuttings approved by the State Forester establishes the "product development time period" and the annual gross sales requirement is met in years for which no cutting is scheduled. In order to remain classified, however, the landowner must cut when the timber crop is mature as provided in the plan.



# Requirements for Public Disclosure Notice of Preliminary Certification of Values

**Walter J. Sandoval Dusza - Bureau of Local Assessment**

Public Disclosure Notice is required after a community receives preliminary certification of values from the Bureau of Local Assessment. The [general certification standards are available on the DOR/BLA website](#); disclosure is covered on pages 19-20.

BLA views Public Disclosure as a critical piece of the revaluation process.

The purpose of Public Disclosure is twofold:

- 1.) To inform taxpayers about the assessment process and give an opportunity to review, ask questions, discuss and request changes in proposed values during the public disclosure period.
- 2.) To allow an informed taxpayer to alert the assessor of inadvertent data inaccuracies preventing unnecessary abatements and undue burden in the overlay account.

## **What are the requirements for Public Disclosure?**

For all triennial certification communities, a comprehensive notice must appear in a newspaper of general circulation in the community. It need not be a paid legal notice, but publishing such a notice ensures that all information is included in the newspaper.

The notice of Public Disclosure should outline a minimum disclosure period of five business days - although a 10-business day period is strongly recommended - beginning after the date the notice is published with the beginning and ending dates stated.

Local assessors should review all the following and be sure that the elements are in the current notice:

- Gives an explanation of the revaluation program.
- Valuation changes and overall effect on assessments

must be explained.

- Include a statement that the community has received preliminary certification (in some cases pending preliminary certification) from the Massachusetts Department of Revenue.
- Location and manner by which taxpayers can obtain proposed values must be stated (usually in town hall, post office library, town website and cable TV).
- Include dates and times the assessors' office will be open for taxpayers to ask questions, review, discuss and request changes in proposed values.
- Include a statement to contact the assessors' office during the public disclosure period to ask questions, review, discuss and request changes in proposed values. If posted on the internet, include the web address.
- Communities with a substantial number of non-resident taxpayers should mail those taxpayers impact notices. This should include all of the points mentioned in the public disclosure notice with a phone number or website for the taxpayer to obtain the proposed values. (Refer to Work plan, to see if this is required.)
- When impact notices are required to be sent to all taxpayers, include the same criteria mentioned above and hold public hearings. (See Certification Standards for details)
- Taxpayers should not be told to wait until the tax bills are mailed and the abatement process has begun to let assessors know of valuation issues.

Values needing adjustment due to the public disclosure process must be changed before final certification. The Bureau of Local Assessment closely monitors public disclosure and will require all municipalities to comply.

**Failure to comply with all of the disclosure requirements may result in a community repeating its disclosure process in compliance with the Certification Standards.**

If you have any questions, please consult with your certification advisor or Walter Sandoval Dusza at 617-626-4087. When public disclosure is completed and final values entered in Gateway, send a copy of the newspaper notice and impact notice, if required, to Walter Sandoval Dusza by fax to 617-626-2330 or email [bladata@dor.state.ma.us](mailto:bladata@dor.state.ma.us).

## **Fiscal Year 2013 State House Note Program Review**

**Courtney Pfifferling - Bureau of Accounts Intern**

The State House Note (SHN) program is a service for municipal issuers, generally smaller towns and districts, where they can borrow money for various reasons. The program is managed by the Public Finance Section of the Bureau of Accounts which is within the Division of Local Services. The program was established by Chapter 616 of the Acts of 1910.

To start the process of the State House Note (SHN), the Treasurer of the municipality has to fill out forms provided by the bank or the Bureau of Accounts. In a town, the note has to be signed by the Treasurer, a majority of the Selectmen, and signed and sealed by the Town Clerk. Once the Certificate of Town Clerk is completed, it is sent to the Bureau of Accounts (BOA). Once there, BOA staffers Bill Arrigal or Gerry Cole review and process the State House Notes and prepare them for certification by the Director of Accounts. The Director carefully reviews the Certificate and Note. The note will only receive certification if all the applicable laws have been met and it will be used for the stated purpose on the certificate.

During FY13, 672 individual notes were processed and certified in the amount of \$396,476,595, a \$66,226,816 increase over FY12. One possible reason for the increase over last year could be municipal officials embracing what they believe to be a strengthening economy and therefore issuing debt for projects delayed by the recession.

There are many purposes for which cities, towns, and school districts borrow money through the SHN program. Examples include school and municipal buildings, departmental

equipment, emergency expenditures, and other costs. The most common note issued were Municipal Purpose Loans (105). A Municipal Purpose Loan includes multiple purposes within one note issuance.

The SHN program has different types of notes. The most common is a Bond Anticipation Note (BAN), a temporary loan that is usually issued for one year, but that can be issued up to two years. In FY13 there were 204 BANs certified along with 184 BAN renewals. Another type of note is a Serial Note, a long-term note issue that is typically limited to five years and does not exceed \$1,000,000. There were 41 Serial Notes certified during FY13. Other notes that were certified during FY13 were Refunding Notes, State Aid Anticipation Notes (SAAN), Renewed State Aid Anticipation Note, and Revenue Anticipation Notes (RAN).

Every note varied in terms of the amount of money being borrowed. The largest note was \$13,706,000. This note was a Municipal Purpose Loan for the Town of Marshfield. The smallest note issued was a Renewed Bond Anticipation Note for \$13,000 for the Town of Millis' landfill. During FY13, there were wide monthly variances of notes certified. June was the highest with 102 notes certified with a total amount of \$94,135,829.17 and tends to be the busiest month each year because it is the end of the fiscal year and municipalities are trying to close their books without a capital project deficit. The slowest month in FY13 was January with 16 notes totaling \$4,833,851.36.

Towns and districts are the most frequent issuers to use the SHN program. Certain towns that issued multiple notes during FY 13 were Hopkinton (9), Millis (10), Orange (10), and Provincetown (10). Districts that bought a large number of notes were: Barnstable Fire District (4), Somerset-Berkley Regional School District (5), and Southwick Tolland Regional School District (4).

The SHN program had 11 different banks and municipal trading desks purchasing notes in FY13. While Hampden Bank bought one note for the Town of Cheshire for \$195,000.00, Eastern Bank bought 143 notes followed by UniBank with 87 notes. The People's United Bank had 79 notes.

The SHN program is a beneficial source for cities, towns, and

districts to use for various reasons. First, the program is cost effective with low certification fees. Second, the process is simple. The Bureau works with municipalities to ensure all the steps are done correctly. Therefore, the SHN program is a useful tool that municipal issuers should take advantage of.

*Courtney Pfifferling was a summer intern for the Division of Local Services. She will be entering her junior year at Marian Court College. She is majoring in Business Administration.*

## **Attention All Assessors: New FY2014 IGRs Released**

### **Bureau of Local Assessment**

IGRs ["FY2014 Guidelines for Annual Assessment and Allocation of Tax Levy"](#) and ["FY2014 Guidelines for Determining Annual Levy Limit Increase for Tax Base Growth"](#) have been released. Note, amended growth reports (LA13A) for FY13 may also include prior year growth attributable to previously unreported or misreported taxable personal property discovered during a personal property audit and assessed during FY13 or FY14. See Section III-F in IGR No.13- 402 for details.

The IGRs can be found on the DLS "What's New" page at the following link:

<http://www.mass.gov/dor/local-officials/dls-newsroom/employee-contacts/dls/whats-new.html>

#### **SEPTEMBER**

**September 15**

#### **MUNICIPAL CALENDAR**

**Accountant/ Assessors**

**Jointly Submit Community Preservation Surcharge Report**

This report (CP-1) is a statement of the prior year's net Community Preservation Surcharge levy, and is used to distribute state matching funds on November 15.

**September 15**

**Local Reporting Officers**

**Submit Smart Growth School Cost**

		<b>Reimbursement Report to DLS</b> Local Reporting Officers report (a) local smart growth property tax and excise tax revenue for prior fiscal year or (b) municipality's waiver of reimbursement.
September 30	Taxpayer	<b>Deadline for Submitting Forest Land Certification and Management Plan, M.G.L. Ch. 61</b> According to M.G.L. Ch. 61, Section 2, this is the deadline to submit to the Assessors the State Forester's certification and approved management plan in order to have the land valued as classified forest land in the next fiscal year.
September 30	Municipal and District Treasurer/Collector	<b>Submit Compensating Balance Report</b> If compensating balance accounts were maintained during the prior fiscal year, a report and account analysis schedules must be submitted to DOR.
September 30	Accountant/ Superintendent/ School Committee	<b>Jointly Submit End of Year Report to the DESE</b> <b>Schedule 1: determines compliance with prior year Net School Spending requirement. Schedule 19: determines compliance with current year Net School Spending requirement.</b>
September 30	Accountant	<b>Submit Snow and Ice Report</b> This report is a statement of



September 30

Treasurer

snow and ice expenditures and financing sources.

**Year-End Cash for the Previous Fiscal Year (due upon submission of a balance sheet for free cash/excess and deficiency certification)**

A reconciliation is the process of comparing the Treasurer's accounts to the Accountant's/ Auditor's or Schools Business Manager's ledger balance to determine if they are consistent, and for the officials to make any necessary corrections. When the reconciliation is complete, the

Accountant/Auditor/School Business Manager should indicate agreement with the Treasurer's balances.

Reconciliations are required annually, but communities and school districts should reconcile monthly for their own purposes. The year-end report as of June 30 must be completed and returned to DOR. Municipalities and school districts should also use monthly reports to monitor cash practices of the Treasurer's office. If the Accountant/Auditor/School Business Manager and Treasurer are not consistently reconciling cash accounts, or if the reconciliations indicate variances, the Mayor, Selectmen or School Committee should inquire as to the reasons.

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**September 30**

**Treasurer**

**Submit Statement of Indebtedness**  
**Massachusetts General Laws Ch. 44, Sec. 28** requires the Director of Accounts to maintain complete and accurate records of indebtedness by cities, towns and districts. This statute also requires Treasurers to furnish any other information requested by the Director in respect to the authorization and issuance of loans.

This Statement is the annual report required from Treasurers to accomplish this purpose. Treasurers should reconcile their debt records with the Accountant/Auditor before filing the Statement of Indebtedness to ensure that the Statement and balance sheet are in agreement.

**September 30**

**Treasurer**

**Notification of Quarterly Local Aid Payments on or Before September 30** When local aid payments are transmitted to communities, the cover letter indicates what funds will be made available, less quarterly assessments (see Cherry Sheet attachment for details).

To unsubscribe to *City and Town* and all other *DLS Alerts*, please click [here](#).

